

KIENA GOLD MINES LIMITED



ANNUAL REPORT

1971

KIENA GOLD MINES LIMITED

Executive Office

7 King Street East
Toronto

Mine Office

Val d'Or, Quebec

Officers

J. R. SMITH
President

G. T. N. WOODROOFFE
Vice-President

A. C. CALLOW
Secretary

J. D. KRANE
Treasurer

Directors

P.-E. AUGER

K. DUNN

D. E. HOWARD

D. W. KNIGHT

G. P. MITCHELL

J. R. SMITH

G. T. N. WOODROOFFE

Transfer Agent and Registrar

CROWN TRUST COMPANY
302 Bay Street, Toronto
393 St. James St. W., Montreal

Auditors

CLARKSON, GORDON & Co.
Toronto

Annual Meeting

Hunting Room,
King Edward Sheraton Hotel,
Toronto
June 28, 1972
2:30 p.m.
(Toronto Time)

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The financial statements of your Company as at December 31, 1971 are submitted herewith.

No work was carried out on the property during the year, expenditures consisted largely of costs in keeping the property in good standing and maintaining the plant and equipment on the property on a care and maintenance basis.

The recent improvement in the world gold situation has been encouraging. However, resumption of work on the property is dependent amongst other things on a further substantial increase in the price of gold, together with a stable price structure.

On behalf of the Board,

J. R. SMITH,
President.

Toronto, Ontario,
May 25, 1972.

AUDITORS' REPORT

To the Shareholders of
Kiena Gold Mines Limited:

We have examined the balance sheet of Kiena Gold Mines Limited as at December 31, 1971 and the statements of deferred development and other expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 19, 1972.

CLARKSON, GORDON & Co.,
Chartered Accountants.

KIENA GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1971

ASSETS		1971	1970
Current:			
Cash and deposit receipt	\$	54,194	\$ 65,716
Accrued interest		877	140
		<u>55,071</u>	<u>65,856</u>
Fixed (note 1):			
Buildings, machinery and equipment, at cost		143,298	143,298
Mining claims and properties, at cost		331,596	331,596
		<u>474,894</u>	<u>474,894</u>
Other:			
Deferred development and other expenditures (statement 2) (notes 1 and 2)		2,956,525	2,945,697
Deposit for electric power		12,682	12,682
		<u>2,969,207</u>	<u>2,958,379</u>
		<u>\$3,499,172</u>	<u>\$3,499,129</u>
LIABILITIES			
Accounts payable	\$	319	\$ 276
Long term:			
6% income debentures, due December 31, 1977-1978 (note 3)		250,000	250,000
Shareholders' equity:			
Share capital (note 3) —			
Authorized:			
2,500,000 6% non-voting preference shares with a par value of \$1.00 each (cumulative until December 31, 1968), redeemable at par			
5,000,000 common shares without par value			
Issued:			
2,467,459 preference shares		2,467,459	2,467,459
4,876,848 common shares		895,786	895,786
		<u>3,363,245</u>	<u>3,363,245</u>
Less deficit (unchanged during the year)		114,392	114,392
		<u>3,248,853</u>	<u>3,248,853</u>
		<u>\$3,499,172</u>	<u>\$3,499,129</u>

(See notes to financial statements)

On behalf of the Board:

J. R. SMITH, Director.

G. T. N. WOODROOFFE, Director.

KIENA GOLD MINES LIMITED

STATEMENT OF DEFERRED DEVELOPMENT AND OTHER EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1971

	1971	1970
Balance, beginning of year	\$2,945,697	\$2,937,590
Expenditures during the year:		
General expense at the property	5,347	9,293
Administrative and corporate expenses	8,156	3,871
	<u>13,503</u>	<u>13,164</u>
Deduct:		
Interest income	2,675	3,777
Salvage revenue		1,280
	<u>2,675</u>	<u>5,057</u>
Increase during the year	10,828	8,107
Balance, end of year	<u>\$2,956,525</u>	<u>\$2,945,697</u>

(See notes to financial statements)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1971

	1971	1970
Source of funds:		
Interest income (and salvage revenue in 1970)	\$ 2,675	\$ 5,057
Refund deposit		66
	<u>2,675</u>	<u>5,123</u>
Application of funds:		
Deferred development and other expenditures	13,503	13,164
Decrease in funds during the year	10,828	8,041
Working capital, beginning of year	65,580	73,621
Working capital, end of year	<u>\$ 54,752</u>	<u>\$ 65,580</u>

(See notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1971

1. All work at the mine has ceased and the recovery of any expenditures made to date is entirely dependent upon future events including among other things a substantial increase in the price of gold.
2. Development and other expenditures include a total of \$2,416,973 in respect of which the tax benefits are claimable by other companies.
3. At December 31, 1965 arrears of dividends on the preference shares amounted to \$163,796 and interest on the income debentures which is cumulative but payable only out of profits, amounted to \$38,605. All of these securities are owned by Falconbridge Nickel Mines Limited and that company has agreed to waive its rights to receive the benefit of any further accruals of interest or dividends on these securities, after December 31, 1965 until a decision has been reached to place the company's property in production or to reorganize its capital. All preference shares outstanding must be redeemed before any dividends are paid on the common shares.
4. Remuneration of senior officers (as defined under The Business Corporations Act 1970, Ontario) amounted to \$3,564 in 1971 (\$3,484 in 1970). Directors' fees amounted to \$1,250 in 1971 (in 1970, nil).